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1950: 51 File No. 2538/48

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P.W. DEPARTMENT
F BRANCH

Subject:— Committee
Inter-departmental
Secretaries — on planning
Agenda, Proceedings etc. in
Con. with — —

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File No.

Etd. Scott. Slip. 21 A.

G.R., G.D., No. 2408, dated 22-6-22.]

Correspondence

DOCKET SHEET

Pt II

Subject:—

File No. 2638/48
P. W.

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BRANCH.

References:— Copies from the original file B(M)

Date.	To whom sent.	Notes and instructions.

Immediate.

Inter-Departmental Secretaries' Committee on Planning.
Meeting of -

Government of Bombay.
Reconstruction Department.
Circular No.136/47.
Yacht Club Premises.
Bombay, 24th July, 1950.

Circular of Government.

A meeting of the Inter Departmental Secretariat' Committee on Planning will be held in Room No. 67-A, adjoining the Honourable the Chief Minister's office, 1st floor, Secretariat, at 3 P.M. on Thursday, the 27th July, 1950 to consider the question of priorities in respect of Government's development schemes. The Planning Commission had in their letter dated 7th June, 1950, asking for detailed information regarding major development schemes, also desired to know the exact priority accorded by the State Government to each of such development schemes. As no such definite order of priority had been laid down by this Government, the matter was reserved for later consideration. It is now understood from press reports that the Commission might take early decisions regarding priorities. It is therefore necessary that this Government's views in the matter should be communicated to the Commission at an early date. It is therefore proposed to discuss the question at a meeting of the Inter-Departmental Committee. A note* indicating the approach that may be adopted is enclosed herewith.

You are requested to attend the meeting.

By order of the Governor of Bombay,

*An approach to the Problem of Priorities.

Pl.put up a draft reply stating that I shall be busy on 27/7 with the confn.of S.Es. & EX.Engrs. & would be unable to attend this meeting.

Id/-
25/7.

N.S.Pardasani,
Secretary, Inter-Dapartmental Secretaries' Committee on Planning.

Accompaniment:-Note.

To

The Chief Secretary to the Government of Bombay,
Political and Services Department,

See,
Vide, p. 9 post please.

The ....

The Secretaries to Government of Bombay, finance Department Revenue De partment, Agriculture and Forests Department, Development Department, Education Department, Local Self Government and Public Health Department, and Public Works Department, Civil Supplies Department and Labour and Housing Department.

The Director, Bureau of Economics and Statistics.

No. of 1950.

Copy forwarded for information and guidance to

An Approach to the Problem of Priorities.

In drawing up any programme of planned economic development, the need for settling an order of priorities is readily admitted. In fact, without it, planning in the true sense is hardly possible. The p roblem is however, related to the formulation of a National Plan of which governmental activity is only a part. The fixation of priorities in respect of Government's own development programme should t herefore logically form an integral part of the entire plan.

It would be necessary to clarify at the outset, the approach to the problem of priorities in the general plan. Priorities must necessarily be considered in the prevailing context of the economic and social conditions of a country and must especially include an appraisal of :-

(a) Social Objectives and

(b) Available physical, human and fiscal resources.

A detailed description of objectives which deserve consideration would be found in the Directive Principles of the new Constitution and in the Statement of Industrial Policy issued by the Government of India in 1948. A few useful generalisations are also available in resolutions and reports sponsored by responsible political parties. The following may perhaps be regarded as fairly representative of what would in general terms be acceptable as our social objectives.

(i) Increase in total production of wealth.

(ii) Maintenance of high and stable level of employment.

(iii) Equitable distribution of wealth, so as to raise the standard of living of the general population.

(iv) Healthy and general improved working conditions for labour.

(v) National self-sufficiency in food and other goods considered essential from defence or other points of view.

(vi) Decentralisation of economic and political power and regional self-sufficiency.

While the general desirability of working towards these objectives is not likely to be seriously disputed, the degree of emphasis to be placed on each of these and the manner in which they should be reconciled in practive will admit of sharp differences of opinion. A detailed discussion of these can best be done by a body like the Planning Commission which has an overall picture before it. It is however necessary to emphasis that unless the inconsistencies implicit in the simultaneous acceptance of some of these objectives are clearly recognised and some tentative conclusions regarding policy reached and adhered t o, there is every danger of our working at cross purposes or to no purpos e at all. It is further necessary that the objectives once formulated should be adhered to for a reasonable length of time, provision being made for adjustments in case of mahor calamities like War or Rehabilitation of large numbers of immigrants.

As for the available resources, this is largly a question of ascertaining facts and can be solved by improving our existing organisations for collecting the necessary data. While efforts in this direction are urgently called for, conclusions regarding priorities in the immediate future cannot wait and will have to be taken in the light of available material.

Pending the formulation of general policy regarding priorities, any consideration of priorities in respect of Government's own schemes must necessarily be somewhat t entative and this is t he task with which we are immediately concern ed. There are several practival difficulties in the fixation of such an order of priorities at the present stage when several development schemes have already been started and some to them have either been completed or have reached such an advanced stage that no substantial modificatinn would appear to be possible. Besides, a number of schemes originally included in the Post War Reconstruction Programme have been either dropped or postponed and in a few cases, little or no pro gress has been made. Here, it may be stated that the order of priority ..

priority has been virtually determined by circumstances which include comparative urgency and availability of material and personnel required. A practical method adopted by this Government to generally slow down the programme of development in respect of new schemes so far as the next 2-3 years are concerned and to put up all new schemes for the scrutiny of the Exependiture Priority Committee and the Cabinet may be regarded, within limits, as an alternative approach to the problem. There is, above all, the practical difficulty of drawing up an actual list of priorities in which every individual scheme is assigned a definite rank. This difficulty proceeds not only from the somew hat inherent incomparability of schemes relating to totally different spheres of activity but also from the fact that any such nice calculations are likely to be easily upset by changes in circumstances. It w ould, therefore, be pertinent to raise the general question whet her at this stage, the task of fixing priorities would be of anything more than academic interest.

The correct approach to this question would probably be to recognise at once that any attempt at determining priorities now will serve only a limited purpose and cannot be very detailed or rigid. In the first place, any such scheme can be made applicable only to new schemes or to such of the schemes in the present programme as have either not been started or as have reached only initial stages. Seondly, it is neither practicable nor perhaps desirable to draw an actual list of priorities in respect of such single scheme. It would be enough if the schemes are first broadly classified into the following five groups.

i) Schemes which are productive over a short period (say 2-3 years)

ii) Schemes which are productive over a long period.

iii) Schemes of a social service character w hich are unproductive in the technical sense

iv).....

iv) Training Schemes which are unproductive in the technical sense.

v) Research and survey schemes which are unproductive in the technical sense.

The next stage would be to allocate available resources in money terms to the various groups, taking into consideration, the social objectives and the nature of resources available. It has to be recognised that in a backward economy like ours, there are two conflicting considerations which deserve attention. In the first place, our resources being very limited, our capacity for undertaking schemes of development which require a large investment over a long period and thereby demand heavy secrifices at present, is limited. On the other hand, unless there are certain basic changes in the organisation of services which are essential to the attainment of a high standard of efficiency in agricultural and industrial production, it may not be possible for our smaller schemes to result in any permanent advantage. In facing this delemma, the following observations might prove useful.

(a) When the necessary funds for the financing of development schemes are being drawn largely from current revenues, it would be desirable to give greater weightage to schemes which are likely to be productive either in the sense of yielding substantial revenues to Government or in the sense of adding to the material wealth of the community and thereby adding to taxable resources. In that way, it will be possible to augment the total financial resources so as to enable the authorities to undertake fresh programmes of development in the years to come.

(b) Schemes, which, though ultimately productive, involve heavy capital investment and are not likely to yield direct material benefits in the near future should be considered as constituting a charge on our capital funds and should, therefore, be pushed forward to the extent to which such funds are available either from

available either from Government's own savings in the past or from public borrowing, internal or external.

(c) The total expenditure on schemes relating to provision of social services which are not likely to yield any immediate material benefits, e.g. Education Medical help. Public Health activities and Labour Welfare should be fixed with due regard to the total ~~programme of~~ expenditure on productive schemes so as to ensure that the programme of extension of such services can be maintained out of available funds now in the near future.

(d) In order to solve the problem of shortage of trained personnel, on the one hand, and of unemployment on the other, special importance should be attached to such training schemes as will enable those withoug ~~employ-~~ employment to acquire the knowledge and skill which today are in short supply. This applies to all technical personnel including those required for the prosecution of Government's development schemes, for organised industry, for agriculture and for cottage and other industries subsidiary to agriculture.

(e) Instead of undertaking numerous schemes (specially capital projects) of a similar nature, at the same time, it is more economical to concentrate the available funds and technical and administrative personnel on a few of them so as to complete them quickly and then take up others immediately afterwards.

After the allocations among different groups are made, priorities will have to be indicated by Heads of Expenditure within each group. The decisions already taken by the Government of Bombay on this respect would be revelant subject to an overall allocation as pointed out above.

The principles mentioned above will have to be applied in practice in each State in a judicious manner by a body which represents the highest political authority and has at its disposal all relevant data for coming to final conclusions.

Development Department.

Shri A.D. Gorwala who is preparing a report on public administration and administration of public enterprises for the Planning Commission wishes to meet Secretaries of all Departments. A meeting will acordingly be held at 11 A.M. on Saturday the 10th instant in Room. No.67-A first floor, Civil Secretariat.

Secretaries are requested to bring at the meeting a list of enactments pertaining to their respective Departments which have been passed since 1937 and which have put considerable additional work on the Collectors.

Sd/-
Secretary,
Inter-Departmental Committee of Secretaries on Planning.

To

The Chief Secretary

All Secretariat,

The Separate Department
for reservation of the room.

Ph.Pl. about apptt. of Shri Gorwala
(on 9/3/51).

Sir,

Hereiwth please.

Discussion held from 11 A.M. to 1-30 P.M.
on 10-3-51.

Id/-
9/3.

Copy of demi official lette-r No. PC. (C) 116/50, dated 1st/2nd March 1951, from Shri N.R.Pillai of the Planning Commission.

"In the course of its work during the past year the Planning Commission has had to consider in different fields the question whether the present administrative machinery and methods were adequate and were calculated to create confidence in the Public. The success of every development programme turns on this cindition being fulifilled. This raises a large number of important questions both in the sphere of public administration and in the administration of public enterprises. At the request of the Planning Commission Mr. A.D. Gorwala has agreed, in an honorary capacity as a non-official, to prepare a report during the next two or three months, on the measures necessary for bringing about such changes as may be required in public administration and in the administration of public enterprises. Mr. Gorwala hopes to visit a few States and also to study at first hand the working of some public enterprises. I am writing to request your Government to be good enough to give to Mr. Gorwala your fullest assistance by way of information, suggestions and facilities in completing his enquiry. Detailed request to States Government will be addressed by Mr. Gorwala himself or by the Secretariat of the Planning Commission.

IMMEDIATE.

No.P.C/.I. 1151/P,
Development Department,
Mercantile Bank Building,
Mahatma Gandhi Road,
Bombay 1, 5th March 1951.

Forwarded to all departments of the Secretariat except the Separate Department, with a request to supply Shri A.F. Gorwala the information that may be asked for by him.

By order of the Governor of Bombay,

Sd/-

Sd/-

Deputy Secretary to the Government of Bombay,
Development Department.

Secy. Id/-
7/3.

M.D'S.
10/9.